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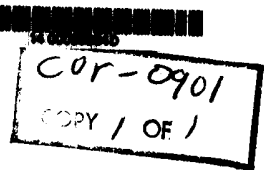
This document contains information  
referring to subject UNKNOWN

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K7-10d  
prop sec.

CLASSIFICATION

In reply refer to  
SP-526



August 18, 1960

50X1

Dear Dan:

During the contract negotiations which took place at our facility last January, it was agreed that a contract clause or separate agreement should be executed which would approve as allowable direct costs those special costs which would normally be charged to overhead but which, because of security, would be charged direct to contracts. Accordingly, you are requested to obtain the contracting officer's approval of charging as direct contract costs those cost items of which the following list is exemplary but not necessarily exclusive (it is understood that much lower than normal overhead rates have been negotiated to exclude all or the major portion of such items from the overhead pool costs applicable to these contracts):

1. Building rental, including utilities
2. Equipment rentals.
3. Indirect labor.
4. Telephone and telegraph.
5. Fire insurance on material procured to accomplish fixed price contracts.
6. Shop supplies and office supplies.
7. Building modifications and rearrangements.
8. Travel which might be normally overhead in nature but which, because of point of origin, destination or individual travelling must not be processed thru normal company channels.
9. Other services, materials and supplies.

Very truly yours,

50X1

Approval is granted to charge those items of cost referred to above as direct contract costs under Contracts AF 33(600)-37230, AF 33(600)-39869, AF 33(600)-39871, AF 33(600)-40278 and any other contract issued in connection with these programs provided the security requirements of the programs do not significantly change from these in effect on the date of signing this agreement:

Date 9/24/60

50X1

To Gene  
7/20/60

22 September 1960

Bill,

I've reviewed the representations made by Warren in his letter to Dan of August 18, 1960. I believe Warren's request is a reasonable one and recommend its approval. Warren's proposal is consistent with what we agreed to exclude from the normal overhead rate or applied to the hours generated by the unit at [redacted] Big and large, the type of expenses Warren proposes to direct charge have been excluded from the special interim billing rate being applied to the [redacted] hours that will be excluded from this final special overhead rate. When you come out

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an way again, Bull, I'll be  
happy to show you the  
detail behind my remarks.

Regards  
Laro